

SENATOR WEHRBEIN: Yes.

SENATOR CHAMBERS: Senator Wehrbein, if the state does not pay this money back what can or will the federal government do?

SENATOR WEHRBEIN: Well, one thing they will start accruing interest on the amount until it was paid. I assume they could go after it in an action of some sort.

SENATOR CHAMBERS: What kind of action? What would they do, sue the state, or sue the Legislature, or what?

SENATOR WEHRBEIN: Well, I don't know whether they could sue. I assume they could withhold it from further funds into the future, based on audit procedures.

SENATOR CHAMBERS: Oh, they may, because this money was not used in accord with the purpose for which it was given to the state, then other money equaling that amount maybe, plus interest, could be withheld?

SENATOR WEHRBEIN: I'm making that assumption. I assume that they have some leverage somehow to get money back that they're entitled to.

SENATOR CHAMBERS: But that would be a possibility.

SENATOR WEHRBEIN: I would say that's a possibility.

SENATOR CHAMBERS: And that's what I had kind of thought. Now, why is it necessary for the Legislature to make an appropriation to give this money back to the federal government, which everybody agrees is owed?

SENATOR WEHRBEIN: It's not clear in the law right now that they can do this. There is a bill that I have, LB 311, that will face this issue in the future, if there...this occurs again, that they...

SENATOR CHAMBERS: But...

SENATOR WEHRBEIN: ...would take it out of the Cash Fund. At this point, that money is essentially not there in this account, so they can't take it out of the account automatically, and that's the need for the deficit account. In this case it will